

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 100 – SB 1218

February 22, 2023

SUMMARY OF BILL: Exempts adoption proceedings in chancery, circuit, and juvenile court from the litigation tax.

FISCAL IMPACT:

Decrease State Revenue –

\$84,300/FY23-24 and Subsequent Years/Various State Agencies

Decrease Local Revenue – \$75,900/FY23-24 and Subsequent Years

Assumptions:

- Based on information provided by the Administrative Office of the Courts, the annual average number of adoption proceedings in these courts over the last six years is 3,550 proceedings. That number is assumed to remain constant.
- Pursuant to Tenn. Code Ann. § 67-4-602(b), the privilege tax on litigations is \$23.75.
- This privilege tax is a state tax that accrues initially to the Department of Revenue and then is subsequently distributed in various percentages to numerous state entities pursuant to Tenn. Code Ann. § 67-4-606.
- The decrease in state revenue to various state agencies related to eliminating the privilege tax on adoption proceedings in chancery, circuit, and juvenile courts is estimated to be \$84,313 (3,550 proceedings x \$23.75) in FY23-24 and subsequent years.
- Pursuant to Tenn. Code Ann. § 67-4-601(a), counties are also authorized to charge a litigation privilege tax.
- It is not known precisely how many do so, or at what rate.
- Pursuant to Tenn. Code Ann. § 67-1-602, a county cannot levy a higher tax rate on property or privilege than that of the state for the same property or privilege. Therefore, a county is not authorized to charge a rate higher than \$23.75 on these proceedings.
- Therefore, it is assumed that elimination of the state litigation tax on these proceedings will also eliminate all county taxes on such proceedings.
- Because the local revenue received from these types of taxes is assumed to be an important component to the finances of local governments, it is assumed that 90 percent of counties leverage such a tax on these proceedings at the full authorized rate of \$23.75 per filing.

- Therefore, the mandatory decrease in local revenue related to eliminating the privilege tax on adoption proceedings in chancery, circuit, and juvenile courts is estimated to be \$75,881 [(3,550 proceedings x 90%) x \$23.75] in FY23-24 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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